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IN THE

Supreme Court of the United States

CIAS INC.,

Petitioner,

v.

BALLY TECHNOLOGIES, INC.
and BALLY GAMING INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

CHARLES M. HART
WOLFBLOCK LLP
1650 Arch Street
22nd Floor
Philadelphia, PA 19103
(215) 977-2548

KENNETH G. ROBERTS
Counsel of Record
WOLFBLOCK LLP
250 Park Avenue
New York, NY 10177
(212) 986-1116

Attorneys for Respondents

214884

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

QUESTION PRESENTED

Whether petitioner advances any reason to grant certiorari where the Federal Circuit unanimously affirmed the district court's application of prosecution history estoppel to limit the scope of petitioner's patent claims in a manner consistent with clear and unmistakable statements that petitioner made to the Patent Examiner, and never thereafter retracted, distinguishing prior art references?

CORPORATE DISCLOSURE STATEMENT

Bally Technologies, Inc., formerly known as Alliance Gaming Corporation, is publicly held. Through wholly-owned subsidiaries, it controls 100% of the stock of respondent, Bally Gaming, Inc. No publicly held company owns 10% or more of the stock of Bally Technologies, Inc.

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INTRODUCTION

Petitioner presents *no* "compelling reasons" to grant this Petition for Writ of Certiorari. *See* Sup. Ct. R. 10. Petitioner does not and could not contend that the Federal Circuit proclaimed any new rule of law that this Court might wish to review. To the contrary, petitioner agrees with the Federal Circuit's enunciation of the doctrine of argument-based prosecution history estoppel. Pet at 5. That legal rule, simply put, dictates that a "patentee is held to what he declares during the prosecution of his patent." *Gillespie v. Dywidag Systems Int'l, USA*, 501 F.3d 1285, 1291 (Fed. Cir. 2007) (citations omitted). Not only does petitioner not challenge this rule, but it even adds that Federal Circuit cases applying this doctrine "would appear to provide adequate guidance" to the district courts. (Pet. at 5-6). Nor does petitioner contend that the Federal Circuit's holding in this case conflicts with any of this Court's precedents. Petitioner's admission that the relevant legal rule is the correct one, that Federal Circuit cases "provide adequate guidance," and the complete absence of any conflict with this Court's precedents are alone sufficient reasons to deny the Petition.

The central premise of the Petition, as set forth in petitioner's Question Presented, is that this case is somehow symptomatic of an alleged "inconsistency" in the application of the doctrine governing disclaimers of scope resulting from a patentees' arguments to the Patent and Trademark Office ("PTO"). Petitioner contends that this alleged "inconsistency" can be detected in the Federal Circuit's having "disagreed" with various district courts over the application of the rule

governing such estoppels. (Pet. at 6 and App. H). In short, petitioner sees a widespread "inconsistency" in the application of the rule simply because the Federal Circuit sometimes agrees with the district courts and sometimes does not. This is not evidence of inconsistency at the Federal Circuit. It is not even evidence of inconsistency, pure and simple. It is, at best, evidence that the court of appeals sometimes disagrees with the district court. Far from manifesting a problem that necessitates the intervention of this Court, the fact that courts of appeals correct errors at the district courts shows that the judicial system is working as it should. Moreover, the fact that the Federal Circuit sometimes agrees and sometimes disagrees with the district courts shows that the Federal Circuit has fashioned a rule of argument-based estoppel that is flexible to particular circumstances, and not the type of rigid, bright-line rule that this Court disapproved in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002) and *KSR Int'l Co. v. Teleflex*, ___ U.S. ___, 127 S. Ct. 1727 (2007).

Without any "compelling reason" for this Court to grant certiorari, petitioner is left to argue that the well-reasoned decisions of the district court and the Federal Circuit are simply wrong. Even if mere error below were enough to make a case worthy of certiorari — and it is not — petitioner does not carry even the relatively lighter burden of showing that the Federal Circuit and the district court misapplied the correct legal standard in this single case. Rather, the district court and the Federal Circuit carefully considered the prosecution history of the patent-in-suit, including the Examiner's

rejections based on the prior art, the content of the prior art references, especially those presented for the first time during reexamination; the nature of petitioner's remarks to the Examiner; and the nature of the invention itself. Following their deliberations, a combined four judges of the district court and the Federal Circuit all concluded that petitioner clearly and unequivocally disavowed claim scope, making summary judgment of non-infringement mandatory. Petitioner has presented no reason why those decisions should be reviewed, much less disturbed, by this Court.

COUNTERSTATEMENT OF THE CASE

This case arises from a claim that respondent's slot machine management systems infringe petitioner's U.S. Patent 5,283,422 (the '422 patent). The '422 patent discloses a system for applying binary identification numbers to a finite set of objects, such as casino chips, machine-reading those numbers and comparing them to a database or "look-up table" of "valid" numbers. (Pet. App. at 94a-135a). In other words, the patent discloses a system for keeping track of a finite set of numbered objects. The specification is almost exclusively devoted to a complex system that imprints along the circumference of an individual gambling chip an identifying binary number that, according to the inventors, can be read irrespective of direction and irrespective of where one starts reading the number. (Pet. App. at 116a-131a). The lead inventor's discovery of this bi-directional property of certain binary numbers is what he described in his deposition as his "eureka

moment," leading to the patent. (A1243, lines 22-25).[1] The mathematical formula upon which this numbering system rests is, according to the inventor, the "most important formula in the world," and is not his own, but was "invented by the Chinese about three and a half thousand years before Christ." (A1244, lines 17-20). As important as this Chinese formula evidently was to the inventor, it has nothing to do with the allegations of infringement in this case, which depend on a strained reading of the '422 patent's claims of such breadth as to encompass practically any known numbering system. The district court and the Federal Circuit rejected such a broad reading in light of limitations that petitioner placed on the claims during re-examination.

The '422 patent's independent claims all contain the phrase "unique authorized information," the construction of which is the only issue that petitioner seeks to bring before this Court. (Pet. at 19-27). In interpreting this phrase, the district court relied upon statements that petitioner made during re-examination of the '422 patent that clearly confined "unique authorized information" to either "serial numbers alone or randomly-selected numbers alone." (Pet. App. at 33a-35a). There was no dispute that Bally's products employed multi-part numbers, some parts of which were neither randomly-selected nor simple serial numbers. Given the undisputed facts, the district court entered summary judgment of non-infringement.

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[1] Citations to the record are given in the form specified by the rules of the court of appeals.

A panel of the United States Court of Appeals for the Federal Circuit unanimously affirmed the district court's construction of "unique authorized information," holding that petitioner's "reexamination recharacterization of [prior art] requires the construction that the '422 claims exclude information other than serial information alone or randomly-selected information alone." (Pet. App. at 11a-12a).

In a vain attempt to create the appearance of an issue worthy of this Court's attention, and in defiance of Supreme Court Rule 14(g)'s requirement of a direct and concise statement of the case, petitioner's Statement of the Case begins by characterizing a decade of judicial history relating to claim construction since this Court decided *Markman v. Westview Instruments*, 517 U.S. 370 (1996). Without citation to any authority whatsoever, petitioner asserts that, for most of that decade, the Federal Circuit issued "inconsistent competing rules and approaches to claim construction" until, in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005)(en banc), the Federal Circuit "provided a common set of guidelines for claim construction." (Pet. at 3).

Leaving aside the inaccuracies in petitioner's characterization of myriad holdings of the Federal Circuit over this extensive time period and the fact that *Phillips* was decided *before* the district court issued its claim constructions in this case, the *Phillips* court did not even purport to address the legal rule that the district court and the Federal Circuit applied in this case. In *Phillips*, the *en banc* Federal Circuit primarily concerned itself with the role that extrinsic evidence, such as dictionaries, should play in claim construction.

Phillips, 415 F.3d at 1319-1324 (criticizing *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), as an example of cases "in which the court has given greater emphasis to dictionary definitions of claim terms and has assigned a less prominent role to the specification and the prosecution history").

The *Phillips* court did not alter the rule that inventors are estopped by their own express disavowals of scope made to distinguish their inventions over prior art. To the contrary, the *Phillips* court reaffirmed that, in construing patent claims, a district court *should* consult the patent's prosecution history so that the court can exclude any interpretation that was disclaimed during prosecution. *Id.* at 1317. The appeals court could hardly have held differently given this Court's precedents. *See, e.g.*, *Crawford v. Heysinger*, 123 U.S. 589, 602 (1887) ("The file-wrapper and contents in the matter of the reissue are part of the evidence in the case, and throw light upon what should be the proper construction of claims."). Moreover, even if the Federal Circuit had deviated from *Phillips* in deciding this single case, which it did not, that would not be a reason to grant certiorari.

In a further effort to fabricate arguments favoring certiorari, petitioner implies that Federal Circuit decisions since *Phillips* have somehow changed the standard applicable to argument-based prosecution history estoppel. (Pet. at 5). To bolster the erroneous implication that argument-based prosecution history estoppel might be something of the Federal Circuit's recent invention, petitioner not only mischaracterizes *Phillips* but also selectively cites only to decisions post-

dating *Phillips*. The doctrine that a disavowal of claim scope made in order to overcome prior art necessarily limits the patent's coverage consistent with the disclaimer has been the rule of law in the Federal Circuit at least since *Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 452 (Fed. Cir. 1985) (ruling that "the prosecution history (or file wrapper) limits the interpretation of claims so as to exclude any interpretation that may have been disclaimed or disavowed during prosecution in order to obtain claim allowance"). Indeed, the doctrine of argument-based prosecution history estoppel can be traced to a case that pre-dates the Federal Circuit. In *Coleco Industries, Inc. v. United States International Trade Commission*, the United States Court of Customs and Patent Appeals wrote:

> We are in the position of enunciating a rule broader than the traditional [amendment-based] "file wrapper" estoppel doctrine. A patentee having argued a narrow construction for his claims before the United States Patent and Trademark Office (PTO) should be precluded from arguing a broader construction for the purposes of infringement. We believe this to be a sound legal proposition which comports with the rationale underlying the traditional doctrine of "file wrapper" estoppel, that once a broader scope of interpretation for a claim is disclaimed by an applicant before the PTO, he is not entitled to reinstate the broader scope.

573 F.2d 1247, 1257 & n.9 (C.C.P.A. 1978) (citing *Exhibit Supply Company v. Ace Patents Corporation*, 315 U.S.

126 (1942)). Thus, for almost thirty years, this has been the settled rule of law. The *Phillips* court did not narrow or expand this time-worn rule and it is disingenuous for petitioner to imply otherwise.

A. The Parties

When petitioner commenced this suit in 2003, Bally Technologies, Inc. ("Bally") was known as Alliance Gaming Corporation.[2] Together with its subsidiary, Bally Gaming, Inc., Alliance Gaming Corporation was, as Bally remains today, a leading developer and manufacturer of equipment and technology for the gaming industry. (A1180, ¶ 2).

Leonard Storch, an inventor of the '422 patent, is the founder and president of petitioner, CIAS. Pet. at 8. Petitioner produces no marketable products. (A1247, lines, 4-6). In fact, petitioner's only employee, other than the inventor, is Mr. Storch's wife. (A1248, lines, 8-10) Other than Mr. Storch and his wife, CIAS's shareholders include Edward Cohen, who acted as CIAS's technical expert witness in this matter. (A1899-A1902).

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[2] Because of a reorganization and name change since this suit commenced, we refer to respondents collectively in this brief as "Bally."

B. Bally's Ticket-In/Ticket-Out Slot Machine Systems

Among the products that Bally manufactures are two that are at issue in this case: the Slot Data System ("SDS") and the Slot Management System ("SMS"). (Pet. App. at 23a). Both systems manage all aspects of a casino's slot machines, including accounting and other "back-of-the-house" functions. In order to allow casino patrons to enjoy "cashless" slots play, these systems include a "Ticket-in/Ticket-out" ("TITO") feature, *i.e.*, a slot machine in which a customer may insert either cash or a ticket and receive a ticket from the machine in lieu of a cash payout. (*See* Pet. App. at 23a). That ticket may then be used in any other slot machine in the casino that also has a bill validator. *Id.*

Each ticket issued by a slot machine in the SDS or SMS environments bears an identification number that the system uses to track the ticket. (Pet. App. at 24a). Naturally, when a ticket has been redeemed in SDS or SMS, the system records that fact and will not later redeem another ticket with the same identification number. SDS and SMS use somewhat different methods of assigning identification numbers to tickets, but it is undisputed that each system assigns an eighteen-digit number made up of distinct fields or parts of varying numbers of digits. (Pet. App. at 24a-25a).

Petitioner misstates the components of the SDS identification number. It is overly simplistic to say, as petitioner does, that the SDS ticket identification number is made up of a 14 digit "detectable series" and "three cycle [sic] redundancy check (CRC) digits and

one check digit." (Pet. at 14). The final four digits, in fact, are unique to Bally's system and are not a commonplace cyclic redundancy check or check digit as petitioner characterizes them, but are the product of a secret, proprietary algorithm. (Pet. App. at 25a). When appended to the other 14-digits, these four digits make a whole identification number that is not a detectable series. (Pet. App. at 51a). Petitioner does not contend otherwise.

The SMS ticket also bears an 18-digit number, 13 digits of which are also the product of a secret, proprietary algorithm. (Pet. App. at 53a; A1182). Petitioner minimizes Bally's secret algorithmically-derived numbers because the '422 patent disparages security systems that depend upon such secret algorithms. (Pet. at 10, "making it more difficult to copy . . . was not the solution").

Similarly disingenuous — and equally incredible — is petitioner's suggestion that the district court and the Federal Circuit simply "ignored" an accused system in their published decisions. (Pet. at 14, n.2). In the first place, there is no "second SMS system," as petitioner asserts, there are two modes, Secure and System modes, in which the single SMS system may operate. (A582). It is a further misstatement to claim that the "only evidence produced by respondents was that it uses an eighteen digit pseudo-random number as the identifying member." (Pet. at 14, n.2). The record contains uncontroverted evidence that SMS uses multi-part identification numbers regardless of the mode in which the it operates. (Pet. App. at 25a and note 26; *see also* A441-A442). Consequently, it is not surprising that the

district court and the Federal Circuit declined to discuss the second mode of operation separately, since it would have made no difference to the court's judgment on non-infringement.

C. Petitioner's Manifold Accusations of Infringement of the '422 Patent

In addition to this case and the lawsuit that led to re-examination of the '422 Patent (Pet. App. at 20a), CIAS has accused the United States Treasury, the United States Postal Service, and a plethora of large corporations of infringement of the '422 patent.[3] The variety of institutions and entities that stand accused by petitioner of infringing the patent-in-suit is indicative of the breadth of coverage that petitioner has attempted to secure in litigation, but to which petitioner is not entitled based on clear disclaimers of scope that it made to the PTO.

Indeed, leaving aside those disclaimers of scope, petitioner's argument, here as in the lower courts, appears to be that the '422 patentees invented "checking for duplicates." (*See* Pet. at 11). On various occasions in the prosecution history, the Examiner rejected the application that became the '422 patent as unpatentable over prior art references, mostly for obviousness. (A1353-A1354, A1378-A1380, A1382). The question of

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[3] To name only a few of CIAS's targets in addition to the United States Government (and the entire U.S. gaming industry), it has asserted infringement of the '422 patent against Intel Corporation (for its Pentium processors), Ticketmaster, and the New York City Metropolitan Transit Authority. (A1188-A1195).

patent validity was never reached by the district court because summary judgment of non-infringement was mandated. Had it been reached, however, it is evident, especially in light of this Court's recent decision in *KSR*, that the '422 patent, if broadly construed to claim systems that "check for duplicates" in a "look-up table" could not survive an obviousness analysis. Even petitioner's expert acknowledged that those skilled in the art have been using look up tables for several decades. (A1471). The decision of one skilled in the art to store a serial number in a look up table against which to check encoded objects for duplicates is the application of "known options within his or her technical grasp. . . . [and] the product not of innovation but of ordinary skill and common sense." *KSR*, 127 S. Ct. at 1742. As such, the construction that petitioner urges leads perforce to invalidity for obviousness, rendering this case even less appropriate for certiorari, if that were possible.

REASONS FOR DENYING THE PETITION

I. THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND THE DISTRICT COURT PROPERLY CONSTRUED THE DISPUTED CLAIM TERM "UNIQUE AUTHORIZED INFORMATION."

The Federal Circuit has held that "[t]he doctrine of prosecution disclaimer is well established in Supreme Court precedent, precluding patentees from recapturing through claim interpretation specific meanings disclaimed during prosecution." *Omega Eng'g, Inc. v. Raytek, Corp.*, 334 F.3d 1314, 1323 (Fed. Cir. 2003) (citing *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 220-21 (1940) ("claims allowed cannot by construction be read to cover what was thus eliminated from the patent."); *Crawford v. Heysinger*, 123 U.S. 589, 602-04 (1887); *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 227 (1880)).[4] Such a disclaimer will occur, for example, when a patentee characterizes an aspect of his invention in a specific manner to overcome prior art. *See Microsoft Corp. v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1350 (Fed. Cir. 2004) (interpreting "sending," "transmitting," and "receiving" limitations as requiring direct transmission over telephone line because, by stating that invention transmits over a standard telephone line, patentee disclaimed transmission over a packet-switched network).

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[4] The Federal Circuit might also have cited *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942) and *Computing Scale Co. of America v. Automatic Scale Co.*, 204 U.S. 609, 618-620 (1907).

As noted, petitioner agrees with the rule as enunciated by the Federal Circuit, (Pet. at 5), and only disagrees with its application to petitioner. Accordingly, petitioner makes no argument that the decisions below fail to follow this Court's precedent. Rather, petitioner seems to attempt the impossible, to create the appearance of a "split" within a single appeals court. The effort is doomed to failure.

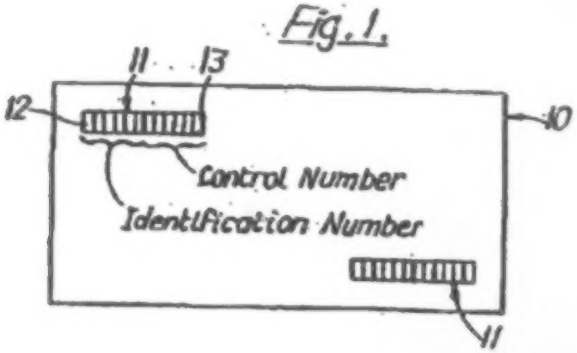
A. Claim Construction In The Courts Below

At bottom, petitioner seeks certiorari for only one reason, to get a "third bite at the apple" and, it hopes, reverse the panel's unanimous affirmance of the district court's construction of "unique authorized information." As this Court's rules and historical practice make clear, the Court does not routinely accept appeals of patentees who are merely disappointed in the claim construction decisions below. Even if it were this Court's role to micromanage such rulings, there is no error in the claim construction in this case that is in need of correction.

Petitioner challenges the district court's construction of "unique authorized information," a term that is nowhere defined in the specification. The phrase is, nevertheless, an express limitation upon each of the independent claims of the '422 patent asserted in the district court. Both the district court and the court of appeals held that "unique authorized information" must be limited to "serial information alone or randomly-selected information alone" based upon the fact that petitioner used *exactly* these words in arguments it made to the PTO distinguishing its invention over the prior art. (Pet. App. at 64a-65a).

In 1999, during discovery in a separate infringement lawsuit, petitioner requested reexamination of the '422 patent, citing for the first time United States Patent No. 3,833,795 to Shoshani, et al., as a prior art reference that gave rise to a substantial new question of patentability. (Pet. App. at 61a; 140a-145a). In order to overcome this prior art, petitioner expressly distinguished Shoshani before the PTO on the basis that Shoshani "teaches the use of a pair of numbers, and **not either serial numbers alone or randomly-selected numbers alone**." (64a)(emphasis added). It is not disputed that these statements by the patent holder were intended to distinguish the system disclosed in the '422 patent from the Shoshani invention. In other words, they were intended to describe and did describe the '422 patent.

Shoshani discloses a counterfeit detection system in which objects are marked with an "associated pair of numbers" comprised of "a serially selected identification number **12**" and a randomly selected "control number **13**" (143a, Col. 2, lines 23-33). Figure 1 of Shoshani shows a single symbol **11** (*i.e.*, a bar code) that is encoded on an object:



(141a). The single bar code depicted in Figure 1 combines the two data fields, **12** and **13**, as described in Shoshani's specification. (143a, Col. 2, lines 23-27).

Petitioner now characterizes its statements before the PTO, including the statement that Shoshani "teaches the use of a pair of numbers, and not either serial numbers **alone** or randomly-selected numbers **alone**" (64a)(emphasis added), as merely descriptive of Shoshani and not intended to forfeit claim scope. (*See* Pet. at 21). It is unremarkable that a patentee's litigation position differs materially from the description given to the PTO at a time when its sole objective was to survive a re-examination. Whether petitioner's litigation-inspired arguments successfully distinguish Shoshani is now beside the point, however. As the district court observed,

> the issue is not whether the '422 patent should have issued over Shoshani on re-examination, but rather whether the inventors disclaimed multi-part numbers from their patent. Other possible differences between the '422 patent and Shoshani that were not discussed by the inventors at that time are therefore of no present moment.

(Pet. App. at 34a-35a). Petitioner told the Examiner that "Shoshani et al., teaches away from the use of serial numbers alone, stating that '...the use of serial numbers [alone] does not inhibit counterfeiting...." (Pet. App. at 63a)(ellipses and brackets are petitioner's). Thus, petitioner not only distinguished Shoshani as teaching away from the use of "serial numbers alone" but inserted the additional word "alone," in brackets, into the quotation from Shoshani to emphasize its point.

CIAS further emphasized this distinction in its Patent Owner's Statement by again inserting the word "alone" in a quotation from Shoshani: "Like McNeight et al., Shoshani recognizes that '...use of serial numbers [alone] does not inhibit counterfeiting...'." (Pet. App. at 73a)(ellipses and brackets by CIAS). Indeed, the Federal Circuit remarked on the district court's conclusion that petitioner "emphasized" the distinction between the '422 patent and Shoshani's multi-part numbers. (Pet. App. at 12a). It entails neither inference nor implication to hold that by repeatedly describing its invention as distinguishable on the basis of using serial numbers "alone," petitioner relinquished from claim scope the use of serial numbers and algorithmically-generated numbers together, as in Bally's systems and Shoshani.

It does not matter that CIAS did not expressly state to the examiner: "We are relinquishing claim scope." The words that petitioner used to distinguish Shoshani during re-examination, as they appear in the prosecution history, are what is important, not petitioner's later attempts, as a plaintiff in federal court, to distinguish Shoshani on other grounds. *See Astrazeneca AB v. Mutual Pharma. Co.*, 384 F.3d 1333, 1339 (Fed. Cir. 2004) ("rigid formalism is not required" to redefine claim terms); *see also Ekchian v. Home Depot, Inc.*, 104 F.3d 1299, 1304 (Fed.Cir.1997) ("[B]y distinguishing the claimed invention over the prior art, an applicant is indicating what the claims do not cover, he is by implication surrendering such protection."); *Southwall Technologies, Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576-77 (Fed. Cir. 1995).

Shortly after the parties argued this case before the Federal Circuit, that court reaffirmed this understanding of the rule of argument-based prosecution history estoppel, holding that arguments made during prosecution to distinguish prior art were clearly "suggesting that all claims were limited." *PODS, Inc. v. Porta-Stor, Inc.*, 484 F.3d 1359, 1266-67 (Fed. Cir.) (citing *Southwall*, 54 F.3d at 1579 for the proposition that "[A]rguments made during prosecution regarding the meaning of a claim term are relevant to the interpretation of that term in every claim of the patent absent a clear indication to the contrary."), *cert. denied*, 550 U.S. __, 128 S. Ct. 618 (2007).

B. Argument-Based Estoppel Applies Regardless of Petitioner's Subjective Purpose In Making The Argument.

The time-worn test enunciated by the Federal Circuit, to which petitioner raises no objection, is an objective one. The district court and the Federal Circuit correctly evaluated petitioner's disclaimer in this case from the point of view of "what a competitor, reading the prosecution history, would reasonably conclude was given up by the applicant." *See Insituform Techs., Inc. v. Cat Contracting, Inc.*, 99 F.3d 1098, 1107-08 (Fed. Cir. 1996); *see also Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1457 (Fed. Cir. 1998) (en banc) (an objective test is applied, inquiring "whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter"). As this Court has held, an inventor is obliged to "inform the public during the life of the patent of the limits of the monopoly asserted, so that it may be known which features may be safely

used or manufactured without a license and which may not." *General Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369 (1938). It is this principle that animates the rule that one is held to the statements that are found in the intrinsic record of the patent's history. *See Southwall*, 54 F.3d at 1576; *see also Hoganas AB v. Dresser Indus.*, 9 F.3d 948, 951 (Fed. Cir. 1993) (function of claims is "putting competitors on notice of the scope of the claimed invention").[5]

During re-examination, petitioner made abundantly clear to the PTO (and, by extension, to those subsequently examining the prosecution history) that the '422 patent, unlike Shoshani's paired numbers, covers only "authorized information" that is either serially-numbered *alone* or randomly-selected *alone*. Where, as here, "the patentee has unequivocally disavowed a certain meaning to obtain his patent, the doctrine of prosecution disclaimer attaches and narrows the ordinary meaning of the claim congruent with the scope of the surrender." *Omega Eng'g*, 334 F.3d at 1324. Petitioner has repeated its argument that it did not

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[5] Nor does it matter whether the patent examiner actually relied on petitioner's statements as a disclaimer. "[A] patentee's statements during prosecution, whether relied on by the examiner or not, are relevant to claim interpretation." *Microsoft Corp. v. Multi-Tech Systems, Inc.*, 357 F.3d 1340, 1350 (Fed. Cir. 2004), *citing Laitram Corp. v. Morehouse Industries, Inc.*, 143 F.3d 1456, 1462 (Fed. Cir. 1998) ("The fact that an examiner placed no reliance on an applicant's statement distinguishing prior art does not mean that the statement is inconsequential for purposes of claim construction."). *See also E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1438 (Fed. Cir. 1988) ("Regardless of the examiner's motives, arguments made during prosecution shed light on what the applicant meant by its various terms.").

intend to disclaim scope and failed to convince either the district court or the court of appeals. Both courts recognize that the function of the prosecution history is not to document subjective intent, "but as an official record that is created in the knowledge that its audience is not only the patent examining officials and the applicant, but the interested public." *Biogen, Inc. v. Berlex Labs., Inc.*, 318 F.3d 1132, 1139 (Fed. Cir. 2003).

Moreover, the intentional insertion by CIAS of the word "[alone]" into otherwise direct quotes from Shoshani (Pet. App. at 63a; 73a) serves to confirm that the disclaimer of scope was not accidental or unintentional. Even if it had been a mistake, however, it would have been petitioner's responsibility to seek to amend the file to correct any such mistaken disclaimer of coverage, "as the applicant is the party in the best position to do so." *Springs Window Fashions LP v. Novo Industries, L.P.*, 323 F.3d 989, 995 (Fed. Cir. 2003). CIAS made no such attempt to clarify the record before the PTO, leading to the conclusion that petitioner is now attempting to avoid a limitation on claim scope that it knowingly made to distinguish Shoshani's multi-part numbers.

C. The Specification Cannot Negate Petitioner's Subsequent Disclaimers of Scope.

Petitioner also asserts that the Federal Circuit failed to follow the specification and that somehow did violence to the *Phillips* decision. (Pet. at 22). For example, petitioner argues that it could not have disclaimed multi-part numbers because the specification mentions the use of check digits. (Pet. at 23). First of all, this is a mischaracterization of the specification. None of petitioner's references to the specification says anything about "error check digits" being part of the code appearing on the objects in the '422 system. To the contrary, the specification says that the codes shown in Figs. 22, 22A, 23 and 24 could be used *with* a "parity check," if the user selects "only those [codes] with an even or odd number of logical ones." (Pet. App. at 133a, Col. 46, lines 40-45). The specification does not say that any extra "digit" is encoded on the object. The specification merely says that, if "only even" or "only odd" numbers are chosen, it would apparently be a simple matter to check for parity errors mathematically. Regardless whether that is accurate, it is a far cry from a statement incorporating "multi-part" numbers.

More fundamentally, and much more to the point in this case, even if the specification provided clear support for petitioner's position — which it doesn't — petitioner's disclaimers before the PTO on re-examination, many years after the specification was written, would still constitute abandonment of claim scope *even if directly contrary positions appeared in the specification.* The *Phillips* court said nothing that would change the effect of subsequent disclaimers that conflict with the specification.

Petitioner's reliance upon *Ventana Medical Systems v. Biogenix Laboratories* for the proposition that the patentee does not disclaim what appears in the specification is misplaced. 473 F.3d 1173 (Fed. Cir. 2006). *Ventana* stands for the proposition that the doctrine of prosecution disclaimer generally does not apply to a claim term in a descendant patent that uses different language than the claim term discussed in an earlier dialogue with the PTO concerning a wholly *different* claim. 473 F.3d at 1182 (citing *Invitrogen Corp. v. Clontech Labs., Inc.*, 429 F.3d 1052, 1078 (Fed. Cir.2005) ("[T]he prosecution of one claim term in a parent application will generally not limit different claim language in a continuation application.")). That proposition of law is unhelpful to petitioner, because the Federal Circuit here held that petitioner's *later* statements to the PTO, during the re-examination, constituted disclaimers of scope, no matter what could be found in the specification. (Pet. App. at 12a). If petitioner were correct in its reading of *Ventana*, no statement made during re-examination, no matter how absolute and unequivocal, could have the effect of disclaiming any claim scope that was arguably found in the specification. Such a reading would completely eviscerate the rule of argument-based prosecution history estoppel.

The real reason that petitioner points to the specification is that, with the benefit of hindsight and the motivation of a potentially large damage award, petitioner advanced in litigation an alternative basis to distinguish Shoshani that is not what it said to the PTO. In support, petitioner argues that it was both unnecessary and incorrect to describe Shoshani as it did.

Others have argued unsuccessfully that disclaimers made during prosecution should not estop them from enforcing a broad claim construction because the statements were, according to them, "unnecessary" to distinguish the prior art reference in question. Recently, the Federal Circuit again soundly rejected this argument, reiterating that "'[c]lear assertions made during prosecution in support of patentability, whether or not actually required to secure allowance of the claim, may also create an estoppel'" *PODS, Inc.* 484 F.3d 1359, 1368 (quoting *Southwall*, 54 F.3d at 1583). As the *PODS* court repeated "[t]he relevant inquiry is whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter." *Id.* (citations and quotations omitted). This case is simply another example in which the patentee tells one story to the PTO, then attempts to relate quite another story in litigation.

D. The Initial Prosecution History Bolsters The District Court's Construction.

As discussed above, regardless of what the specification says, petitioner's later disclaimers to the PTO govern the scope of the claims, if there is any obvious disagreement between the two. The same would logically apply to the history of the original prosecution. Nevertheless, petitioner struggles to create the impression that the initial prosecution history is somehow at odds with the disclaimers made on re-examination. Those efforts are, on cursory inspection, fruitless. The disclaimers made in re-examination are perfectly in accord with the initial prosecution history.

For example, petitioner argues that it could not have meant to limit claim scope to "serial numbers alone," because the McNeight reference, U.S. Patent No. 4,463,250, which it cited in the initial prosecution, discloses the use of "authorized serial numbers." (Pet. at 21). When, during prosecution, the patentees needed to overcome rejections based upon McNeight, however, they said something quite different to the Examiner. The patentees distinguished the '422 system from McNeight's "secret algorithm system" (Pet. App. at 87a.) on the basis that the '422 patent's authorized information "coded according to a detectable series" was "not generated by an algorithm." (Pet. App. at 86a). Indeed, the patentees disparaged McNeight before the Examiner as reliant upon "keeping the algorithm secret." *Id.* In other words, the '422 patent's coding/decoding system employs a detectable series of numbers, *without the inclusion of numbers generated by any secret formula*. Similarly, the patentees expressly stated to the PTO that: "McNeight et al.'s authorized numbers conform to a secret algorithm and are different from randomly selected information." (Response to First Office Action, A1363-A1364) In other words, the '422 patent's coding/decoding system employs randomly-selected numbers, *without the inclusion of numbers generated by any secret formula*. By distinguishing McNeight in this fashion, petitioner essentially described the '422 patent as disclosing the use of "serial numbers alone or randomly-selected numbers alone."[6]

[6] While McNeight detects spurious objects by testing the numbers against the secret algorithm, it has long been known in the art that one can substitute a database or look-up table, as the '422 patent teaches, for algorithmic conformance testing, as

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In the counterfeit detection system of the '422 patent, unlike the system used by Bally, security "does not reside in secrecy of the manner of coding and decoding." (Pet. App. at 118a, Col. 15, lines 53-63). By thus distinguishing McNeight on the basis that it "teaches use of an algorithm to generate the authorized serial numbers," (Pet. App. at 89a), the patentees described their system in an entirely consistent manner with the later disclaimers made during re-examination to the effect that the '422 patent uses "serial numbers alone or randomly-selected numbers alone." As far as petitioner was concerned, its abandonment during re-examination of multi-part numbers involving complex algorithms, such as Bally employs, meant giving up nothing essential to the operation of the '422 patent's system.

Although not explicitly mentioned by the Federal Circuit, the record contains further support for the district court's construction of the term "unique authorized information." That support is found in another statement that the patentees made before the PTO during the initial prosecution. Among the prior art references listed in the '422 patent (Pet. App. at 95a), the inventors cited a Massachusetts Lottery "Invitation

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memory capacity becomes increasingly economical in comparison to computational power. (A1434, A1471). According to the patentee, as stated in a related patent, the problem with McNeight's secret algorithm derives from McNeight's reliance on a formula that can be stolen, and not from McNeight's choice, on presentation of a ticket or object for verification, to test for conformity to the algorithm rather than simply checking the identification number against a look-up table. (A739, Col. 10, lines 63-65).

for Bid" ("Massachusetts Lottery IFB"), which, while not a patented invention, contains a detailed description of a system for storing and checking the validity of winning lottery tickets. In distinguishing the '422 patent from the Massachusetts Lottery IFB publication, the patentees told the PTO that because the Massachusetts Lottery IFB stored and checked only "winning" numbers resulting from a random drawing, the resulting computer file of winning tickets would contain ticket serial numbers having a random relationship to each other. (A1343; *see also* A1372-A1376). This, the patentees argued distinguished the Massachusetts Lottery IFB's system from the '422 patent which, by contrast, always stored a "detectable series" of numbers, meaning — according to the inventors' statements — numbers that have a discernible relationship to each other. (A1343). The 18-digit numbers created by Bally's SDS system, which was accused of infringing the claimed "detectable series" limitation, lack any detectable or discernible relationship to each other because each employs a proprietary "secret" algorithm to ensure security. Thus, the resulting identification numbers in the SDS database of stored numbers, like the winning Massachusetts Lottery tickets, must contain numbers that bear no discernible relationship one to another. The description that the inventors gave to distinguish the Massachusetts Lottery IFB system lends further weight to the district court's construction of "unique authorized information" because it strongly suggests that the patentees envisioned a system, according to claim 1, that stored "serial numbers alone," which would have a discernible relationship to each other that multi-part numbers would not have.

II. THE DISTRICT COURT'S GRANT OF SUMMARY JUDGMENT OF NON-INFRINGEMENT SHOULD NOT BE DISTURBED.

Given the district court's correct construction of "unique authorized information," there was no genuine issue of material fact that Bally's systems did not meet that limitation literally, mandating summary judgment of non-infringement. The ultimate burden to prove infringement in the district court rested upon petitioner CIAS. *See Novartis Corp. v. Ben Venue Labs., Inc.*, 271 F.3d 1043, 1046 (Fed. Cir. 2001) ("accused infringer seeking summary judgment of noninfringement may meet its initial responsibility . . . by showing that the evidence on file fails to establish a material issue of fact essential to the patentee's case.") The district court and the Federal Circuit concluded that petitioner did not meet that burden and also agreed that petitioner's statements to the PTO estopped it from asserting infringement under the doctrine of equivalents. (Pet. App. at 15a-16a; 49a-50a). Petitioner's argument that it did not intend to surrender subject matter by those statements is, for the reasons expounded above, irrelevant to the argument-based estoppel that it created by those statements. The effect of the estoppel is that petitioner cannot now argue that "unique authorized information" encompasses more than "serial information alone" or "randomly selected information alone" because petitioner disavowed any other interpretation during the reexamination. The district court's judgment of non-infringement, as affirmed by the court of appeals, should stand.

CONCLUSION

Because petitioner presents no compelling reason to hear this case, Bally respectfully asks this Court to deny the petition for a writ of certiorari.

Respectfully submitted,

KENNETH G. ROBERTS
Counsel of Record
WOLFBLOCK LLP
250 Park Avenue
New York, NY 10177
(212) 986-1116

CHARLES M. HART
WOLFBLOCK LLP
1650 Arch Street
22nd Floor
Philadelphia, PA 19103
(215) 977-2548

Attorneys for Respondents

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